



How is the Mobility Budget calculated?

As you know, employees can exchange their company car for a budget (corresponding to the car's TCO) that can be used for various sustainable mobility solutions (mobility budget). And although the tax authorities had already promised to provide a calculation method for this TCO in 2019, they remained silent until recently. With the Royal Decree of 29 September 2023, the long-awaited calculation method for the mobility budget has been published.

The Royal Decree unraveled in 10 questions

1 What exactly does the Royal Decree say about the calculation of the mobility budget?

In principle, the mobility budget must be calculated on the basis of actual costs. **Optionally**, lump sums can be used to calculate the budget.

2 Free choice of lump sum calculation method?

Yes, but as the use of lump sums is optional for the employer, he must clearly communicate this to his employees.

3 As an employer, can I use a different calculation method for each employee?

No. The choice to use the flat-rate calculation method must be same for all employees in the company.

4 As an employer, can I change the calculation method every year?

No. The choice made is valid for a period of three years. Only after this period can the employer choose a different method. This only applies to new entrants! Existing agreements will not be changed in any way.



5 How should the mobility budget be calculated based on actual costs?

This calculation is performed by averaging the actual expenses incurred for the company car over the past four years. If the company car has been provided for less than four years, the average gross annual cost over the entire period is considered. This calculation takes into consideration the following comprehensive list of expenses:

- Annual depreciation of 20% of the purchase price of the eco-friendly car, taking into account the options, accessories and discounts granted;
- Interest in borrowed capital;
- Rental or leasing costs;
- Fuel or electricity costs;
- Administration costs related to fuel and charging cards;
- Annual depreciation of 20% of the cost of the charging station and its installation;
- Maintenance and repair works of the charging station;
- Management costs of the charging station and charging cable;
- Toll and parking costs;
- Cleaning, maintenance and repair costs;
- Cost of a replacement car;
- Costs for making the car roadworthy;
- Tyre replacement and storage costs;
- The costs of an expert's report on the return of the vehicle;
- The cost of repairing the vehicle when it is returned at the end of the contract;
- Insurance costs;
- Technical inspection costs;
- Administrative costs of the services;
- Taxes to the traffic institution;
- Road tax;
- CO2 solidarity contribution;
- Non-recoverable VAT on the above costs;
- Tax on the non-deductible part (corporation tax) of the above costs;
- Tax (corporation tax) on the part of the benefit in kind that is considered a disallowed expense (6/7).



6 What if I, as an employer, choose to work with these lump sums ?

In this case, you must distinguish between the situation where the company car is rented or leased, or is owned or is the subject to a financial lease.

6.1.

For rented or leased company cars the following formula must be applied :

annual rental (or lease) cost

- Increased by the average cost of all costs not yet included in the rental or leasing contract (*i.e. being equal to the average of costs of the last 3 years or the number of years that a company car has been at the employee's disposal if less than 3 years, and insofar as these costs are specified in the company car policy*)
- Increased by non-deductible VAT
- Increased by the (corporate) tax on the non-deductible car costs
- Increased by the CO2 solidarity contribution
- Increased by (6000 + commuting distance x 2 x 200) x mileage cost per kilometre (*the latter being equal to 30% of the current mileage allowance, OR zero if (1) the employee is not provided with a fuel card or if (2) the fuel cost is already included in the annual rental or lease cost*)
- Reduced by the Employee's personal contribution.

6.2.

For company cars that are owned or subject to a financial lease, the following formula must be applied:

Catalogue value of the company car pursuant to article 36 §2 ITC 1992 (including corporate tax on the non-deductible part of the catalogue value) x 25%.

- Increased by the CO2 solidarity contribution
- Increased by (6000 + commuting distance x 2 x 200) x cost of consumption per kilometre (*the latter being equal to 30% of the applicable mileage allowance at the time, OR zero if the employee is not provided with a fuel card*)
- Reduced by the employee's personal contribution.





7 As an employer, what budget do I have to put on my employee's mobility account?

In effect, the entire mobility budget must be made available virtually on the employee's mobility budget account and not just the mobility budget after deducting the part used to finance an eco-friendly car and its related costs. Therefore, in order to determine the part of the mobility budget used to finance this eco-friendly car under Pillar 1, the Royal Decree refers to the same calculation methods as those used to determine the mobility budget, i.e. on the basis of actual costs or on the basis of fixed values.

8 What if certain (actual) costs of the clean car are not yet known?

If certain costs related to the eco-friendly car in Pillar 1 are not known at the time of allocating the mobility budget, the employer will determine the remaining budget in Pillars 2 and 3 based on its own best estimate. As soon as these actual costs are known, they must be included in the mobility budget as soon as possible and the employee must be informed of this.

If at the end of the calendar year, the mobility budget is found to be insufficient to cover certain costs and these costs are not reimbursed by the employee, these unreimbursed costs must be considered as a wage benefit and subject to social security and income tax.

9 Can I use the lump sum method to determine Pillar 1 (eco-friendly car) and the actual cost method to determine the mobility budget?

Yes, this choice can be different. However this logic must be applied to each employee in the company.

10 When will this Royal Decree come into force?

From 1 January 2024.





Your action point(s) is to check whether your current method of calculating the mobility budget and the eco-friendly car is sustainable.

Do you have any questions regarding the calculation of the mobility budget or the implementation of the mobility budget? Please do not hesitate to contact us.

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